

Message Text

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17

ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 IO-10 COME-00

HEW-02 CIAE-00 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 LAB-04 SIL-01 L-03 H-02 PA-01 PRS-01 /097 W

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R 150500Z SEP 75

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 2872

LIMITED OFFICIAL USE KATHMANDU 4093

E.O. 11652: N/A

TAGS: EFIN EGEN PINT SGEN NP

SUBJECT: GON PLANS FOR CRACKDOWN ON PROFITEERING

1. THE MINISTRY OF INDUSTRY AND COMMERCE ON SEPTEMBER 10 ISSUED A STATEMENT EMPHASIZING THE GOVERNMENT'S DETERMINATION TO STRICTLY ENFORCE THE RECENTLY ENACTED "BLACK MARKETING AND OTHER SOCIAL CRIMES ACT." CRIMES COVERED BY THE ACT INCLUDE BLACK MARKETING, MAKING A PROFIT OF OVER 20 PERCENT, VIOLATION OF GOVERNMENT-IMPOSED PRICE CEILINGS, HOARDING TO CREATE ARTIFICIAL SCARCITY, AND ADULTERATION OF FOOD AND DRUGS. MAXIMUM PENALTIES RANGE FROM ONE YEAR IMPRISONMENT AND/OR "EQUIVALENT" CASH FINE FOR TICKET SCALPING, TO LIFE IMPRISONMENT FOR THE SALE OF ADULTERATED MEDICINE RESULTING IN DEATH OF THE USER. OTHER REPRESENTATIVE PENALTIES ARE: TWO YEARS AND/OR FINE FOR SALE OF ADULTERATED FOODSTUFFS; FIVE YEARS AND/OR FINE FOR HOARDING OR FOR MAKING EXCESSIVE PROFIT; AND 10 YEARS AND/OR FINE FOR VIOLATING PRICE CEILINGS. THE ACT PROVIDES FOR AWARD OF 25 PERCENT OF FINES LEVIED FOR INFORMATION LEADING TO CONVICTION OF VIOLATORS, WITH COROLLARY PROVISION FOR A TERM OF THREE MONTHS AND/OR FINE OF RS. 5,000 FOR GIVING FALSE INFORMATION.

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2. COMMENT: MARKET SHORTAGES SEEM TO BE EASING SOMEWHAT

CURRENTLY, AND THE RAMPANT INFLATION OF RECENT YEARS IS
BEGINNING TO ABATE. HOWEVER, EFFECT OF CLAIMED
REDUCTIONS IN ABSOLUTE PRICES IN INDIA IS YET TO BE
FELT IN KATHMANDU. FREQUENT NEWSPAPER ARTICLES BEMOANING
PROFITEERING, ETC., CONTINUE TO APPEAR. ALTHOUGH IT IS
DIFFICULT TO ESTIMATE THE REAL EXTENT OF SUCH MALPRACTICEW,
IT CAN BE ASSUMED THAT THEY WILL CONTINUE TO BE A RANKLING
PROBLEM AS LONG AS THE SUPPLE-DEMAND SITUATION FOR BASIC
COMMODITIES REMAINS AS DELICATE AS IT IS. SUCH DRIVES AGAINST
COMMERCIAL PROFITEERING HAVE BEEN ANNOUNCED IN THE PAST.
IT REMAINS TO BE SEEN WHETHER GON EFFORTS WILL BE MORE
SERIOUS AND ENDURING THIS TIME.
CARGO

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